

Fur Clothing Retail Gross Receipts Tax and Use Tax

P.L. 2006, c. 41, enacted July 8, 2006, and effective July 15, 2006, imposes a 6% gross receipts tax on the retail sale of fur clothing in New Jersey. This gross receipts tax is imposed on the **retail seller** of the fur clothing.

Fur Clothing Defined

"Fur clothing" means an item of clothing that satisfies the following criteria:

- it is exempt from sales and use tax pursuant to N.J.S.A. 54:32B-8.4 (the "clothing" exemption);
- it is made of fur on the hide or pelt of an animal; and
- the fur is a chief component of its value.

Retailers' Obligation

The retailer must pay the fur clothing retail gross receipts tax (FCRGRT) on a retail sale of fur clothing if:

- the customer or the customer's agent picks up or takes possession of the fur clothing in New Jersey; or
- the item is being delivered to a New Jersey address.

The retailer is **not** subject to the FCRGRT if:

- the customer is buying the item for resale;
- the seller delivers the item in seller's vehicle to a point outside New Jersey; or
- the item is being shipped and delivered by common carrier to a point outside this state.

Registration and How to Pay the Tax:

Retailers must file a FCRGRT return and pay the tax quarterly. The first FCRGRT remittance and return will be due October 20, 2006.

All existing businesses that make retail sales of fur clothing in New Jersey must amend their business registration and add the fur clothing retail gross receipts tax to the list of taxes that they are eligible and required to report and remit. All new fur clothing retailers in New Jersey must register to collect the tax.

Information about the registration process and about quarterly filing will be provided in a separate notice or in updates to this notice.

Special Procedure for Receipts:

Effective upon receipt or posting of this notice, written receipts or invoices must be provided with all retail sales of fur clothing subject to the FCRGRT. **Every receipt or invoice for the retail sale of fur clothing *must* contain a statement that the seller will pay this tax directly to the State of New Jersey and must show the amount of such tax.** For example, on an invoice for the sale of a fur coat with a retail price of \$1,000, the invoice must contain language such as: "*Seller will pay 6% fur clothing retail gross receipts tax in the amount of \$60 directly to the State of New Jersey.*" (If the

receipt does not contain a statement that the seller will pay the FCRGRT and specifying the amount it will pay, it will be presumed that the seller has failed to pay this tax.)

At the seller's option, reimbursement of the seller's FCRGRT, separately stated, may then be added to the price of the fur clothing and charged to the customer. In that case, the invoice may state the charges to the customer as:

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| \$1,000 | retail price of fox fur coat |
| 60 | reimbursement of FCRGRT to be paid by seller |
| \$1,060 | total due |

If the seller chooses not to be reimbursed by the purchaser for the FCRGRT, **it must still state on the invoice that it will pay the fur clothing retail gross receipts tax, and it must state the amount it will pay**, calculated at 6% of the selling price of the fur item.

Fur Clothing Use Tax

If a retail customer purchases fur clothing in New Jersey, or purchases fur clothing in another state or from a remote vendor, for delivery or use in New Jersey, from a seller who is **not** paying the fur clothing retail gross receipts tax, then the **customer** will be obligated to pay fur clothing use tax (FCUT) directly to the State of New Jersey. *Note:* If the purchaser of fur clothing does not have a receipt of invoice containing seller's statement that seller will pay the FCRGRT in a specific, stated amount, the customer will owe use tax on the retail price of the item.

Exceptions - The purchaser will not be subject to the fur clothing use tax in the following situations:

- the purchaser bought the item of fur clothing item when a nonresident of New Jersey; or
- the purchaser paid a sales tax, use tax, gross receipts tax, luxury tax or other tax (at a rate of at least 6%) on the fur item to another state or to a jurisdiction within another state, and such tax was legally due, and customer has no right to a refund from the other jurisdiction.

How to pay the use tax:

Instructions regarding how and when to pay the use tax will be provided in a separate notice or in updates to this notice.

Note: The Fur Clothing Retail Gross Receipts Tax and Fur Clothing Use Tax are Not the Same as Sales and Use Tax

The fur clothing retail gross receipts tax and fur clothing use tax are imposed by a new law, P.L. 2006, c. 41. This law is entirely separate and distinct from the sales and use tax imposed by N.J.S.A. 54:32B-1 et seq. Therefore the exemptions and partial rate reductions that are part of the Sales and Use Tax Act do not apply. For example:

- retail sales to exempt organizations are not exempt from the FCRGRT;
- sales by "qualified urban enterprise businesses" are not subject to a 50% reduction in tax rate; and
- there is no "casual sale" exemption.

For More Information

- Visit our [website](#)
- Call our Customer Service Center at (609) 292-6400.
- [E-mail](#) us